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Chair: Mr. Tommo Monthe ..... (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

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The meeting was called to order at 10.10 a.m.

Agenda item 134: Proposed programme budget for the biennium 2012-2013 (*continued*)

Introduction of the proposed programme budget for the biennium 2012-2013 (*continued*) (A/66/6 (Introduction), A/66/6 (Sects. 1 and 2), A/66/6 (Sect. 3) and Corr.1, A/66/6 (Sects. 4-7), A/66/6 (Sect. 8) and Corr.1, A/66/6 (Sects. 9-12), A/66/6 (Sect. 13) and Add.1, A/66/6 (Sects. 14 and 15), A/66/6 (Sect. 16) and Corr.1, A/66/6 (Sects. 17-19), A/66/6 (Sect. 20) and Corr.1, A/66/6 (Sects. 21-25), A/66/6 (Sect. 26) and Corr.1, A/66/6 (Sect. 27), A/66/6 (Sect. 28) and Corr.1, A/66/6 (Sect. 29), A/66/6 (Sect. 29A) and Corr.1, A/66/6 (Sects. 29B-E), A/66/6 (Sect. 29F) and Corr.1, A/66/6 (Sect. 29G), A/66/6 (Sects. 30-37), A/66/6 (Income sects. 1-3), A/66/7 and Corr.1 and Add.5, A/66/16 (chap. II, sect. A), A/66/74, A/66/82, A/66/84, A/66/85, A/66/180, A/66/315 and Add.1 and Add.1/Corr.1 and A/66/348 and Add.1)

1. **Mr. dos Santos** (Brazil) stressed the strategic role of the regular budget, which should reflect a balance among the Organization's three pillars — peace and security, human rights and development. His delegation did not agree that activities for peace and security should be funded through assessed contributions while human rights and development activities were funded through voluntary contributions.

2. The Secretariat's capacity and effectiveness in the area of development should be strengthened and a greater share of development activities should be funded through the regular budget. He was deeply concerned at the reductions proposed in almost all the development-related budget sections that had been strengthened in 2009. The proposed abolition of posts in the Economic Commission for Latin America and the Caribbean was particularly troubling.

3. It was also a matter of concern that special political missions were funded through the regular budget, because in crisis situations, political pressure for action often led to the adoption of superficial measures based on inadequate analysis.

4. While appreciating the Secretary-General's efforts to ensure that the Secretariat worked more efficiently and effectively, he concurred with the Advisory Committee that the proposed budget cuts were not based on in-depth analysis of programmes and that the implementation of development mandates in particular would suffer as a result.

5. **Mr. Nishida** (Japan) said that the regular budget for the biennium 2012-2013 should uphold the Organization's three pillars and implement the eight priorities set by the General Assembly in its resolution 65/262. While funding must be provided to implement mandates, it should be recognized that resources were finite, particularly when Member States faced financial difficulties. Those resources should therefore be allocated in a balanced and sensible manner, and activities that were no longer a priority should be discontinued or deferred.

6. Endorsing the Secretary-General's reaffirmation of the need to do more with less, he expressed the hope that the Committee would adopt a programme budget for 2012-2013, including additional resource requirements and recosting, that was 3 per cent lower than the total budget for the current biennium.

7. While his Government appreciated the Secretary-General's efforts to establish a change management team and initiate further reforms, it was necessary to assess the progress of initiatives already begun, such as the Umoja enterprise resource planning system, before undertaking new ones.

8. **Mr. Srivali** (Thailand) expressed concern at the proposal to reduce the proposed programme budget to 3.7 per cent below the approved budget outline for the biennium 2012-2013. Predictable and adequate funding should be allocated for the implementation of all mandates approved by intergovernmental bodies; in particular, the Organization should strengthen its role in international cooperation for development. United Nations priorities should not be adversely affected by the global economic and financial crisis: the needs of vulnerable economies should be met in order to achieve the Millennium Development Goals.

9. The regional commissions played a crucial role in that effort. Asia and the Pacific was the fastest growing region in the world, but much remained to be done to ensure sustainable development for its 4.1 billion inhabitants — 60 per cent of the world's population. His delegation was concerned at the proposed cuts in the budget for the Economic and Social Commission for Asia and the Pacific; the Commission must receive adequate funding.

10. **Mr. Diallo** (Senegal) said that the proposed allocation of resources to the Organization's three pillars showed a lack of balance, to the detriment of development activities. His delegation supported the proposals for strengthening the United Nations Office on Drugs and Crime and the United Nations Relief and Works Agency for Palestine Refugees in the Near East. It was concerned, however, that the amounts proposed under section 10, Least developed countries, landlocked developing countries and small island developing States, and section 18, Economic and social development in Africa, were lower than the total estimated expenditure under those sections for the biennium 2010-2011. Economic and social development in Africa was a priority for the United Nations under General Assembly resolution 65/244, and should remain at the top of its agenda. The challenges faced by African countries owing to the global economic crisis called for strengthening of the Economic Commission for Africa and the Office of the Special Adviser on Africa (OSAA).

11. His delegation welcomed the doubling of the regular budget of the Office of the High Commissioner for Human Rights (OHCHR), as called for in the 2005 World Summit Outcome. The Human Rights Council should also be given additional resources to build on the results achieved.

12. Welcoming the action taken over the years to enhance multilingualism at the United Nations, he urged the Secretary-General to propose measures for coping with the retirement of many translators and interpreters over the next several years.

13. Noting that a mere 0.3 per cent of the proposed 2012-2013 programme budget was allocated to the Development Account, he called for a proposal on new modalities for financing that important initiative.

14. **Mr. Kim** Sook (Republic of Korea) welcomed the 3.7 per cent reduction in the proposed programme budget as compared to the budget outline for 2012-2013. The regular budget had grown from $2.6 billion in 2001-2002 to $5.4 billion in 2010-2011. The continuous increase was unsustainable during a time of economic and financial crisis.

15. The practice of recosting to adjust the budget for inflation and exchange rate fluctuations provided no incentive to seek greater efficiencies and should be re-examined. The Organization should make efforts to absorb such fluctuations, just as national governments did. The Assembly should also consider allowing limited use of the contingency fund to contend with excessive fluctuations.

16. The limited budgetary discretion granted to the Secretary-General on a trial basis to respond to emergency situations should be institutionalized. The Committee should also discuss consolidating budget fascicles and providing for separate funding of special political missions.

17. His delegation supported the efforts to strengthen information and communications technology (ICT), which would yield greater efficiency and effectiveness and strengthen accountability. The integration of ICT management would reduce operating costs by ending the fragmentation of capacities and overlapping ICT investments.

18. **Mr. Bamba** (Côte d'Ivoire) said that the global economic crisis had led to a massive contraction of public finances in many States. While the United Nations had a large role to play in helping Member States to cope with the situation, it was necessary first to ensure the stability of the Organization's human, financial and material resources so that it remained capable of implementing its mandates. To that end, the budget process itself required reform.

19. The implementation of the International Public Sector Accounting Standards would enhance transparency in the management of resources and help develop the culture of accountability called for by the General Assembly in its resolution 64/259. The evaluation, inspection and investigation functions should be strengthened across the United Nations system and the procurement process should be made more transparent to increase access for vendors from developing countries and emerging economies. Lastly, the working methods of intergovernmental bodies should be improved, particularly in respect of their oversight of resource management. All of the reforms mentioned should be based on the report of the Joint Inspection Unit on accountability to be submitted pursuant to General Assembly resolution 64/259.

20. To make the United Nations system more resilient and guard against a renewed budget crisis, the Organization should have a voice in the Group of Twenty, which had become the de facto steering group for international financial and economic governance. The Group had been largely supportive of development: by enhancing the aid capacities of

international financial institutions, for example, it had fostered regional infrastructure projects that boosted employment. The same pragmatic approach should be taken in adopting the programme budget of the United Nations for 2012-2013 to ensure, above all, that posts were not cut.

21. **Mr. Ren** Yisheng (China) said that the United Nations should have stable financing to ensure the effective implementation of all its programme activities. Resources should be allocated fairly to all priority areas, including development, and the regional economic commissions should be vigorously supported.

22. The Secretariat should keep in mind that the global economic and financial crisis had placed constraints on the financial capacities of Member States, especially developing countries, and should enhance the efficient use of resources through such measures as management reform. A greater share of the savings realized should be allocated to development-related activities. Budgetary discipline should be strictly enforced and results-based budgeting should be improved. Every effort should be made to avoid piecemeal budgeting by including all resource requirements in the proposed budget. Better management of resources would yield efficiencies and reduce waste.

23. Practical needs should be aligned with available resources. Although the proposed programme budget for 2012-2013 was 3.7 per cent lower than the approved budget outline, many additional items had not yet been included. He hoped that the Committee, through its deliberations, would arrive at a reasonable level for the budget which would ensure efficiency and accountability while guaranteeing that the Organization had sufficient resources to implement mandated programmes.

24. **Mr. Wetland** (Norway) said that the United Nations should have the capacity to deal with unforeseen situations and should also discontinue activities that were no longer of primary importance or programmes that had failed to yield the expected results.

25. The Fifth Committee should provide strategic advice and oversight in budget matters and avoid micro-management. It should assist the Secretary-General in reaching his reform targets and give the Secretariat sufficient latitude to manage its resources effectively. Management should be given more, not less, flexibility and should be held accountable for the results delivered. A results-oriented rather than an input-based approach to the budget would build a stronger Organization.

26. He welcomed the Secretary-General's understanding of the financial constraints faced by Member States. Still, in times of crisis it was all the more important to invest in the United Nations so that it had the capacity to deliver on its mandates. Member States must also feel confident that they were receiving the best value for money. What mattered was not how much the budget could be cut, but whether the approved budget supported reform and left the Organization better equipped to face current and future challenges.

27. An improved format for the budget proposal would result in a better working document that provided a more transparent overview. Results-based budgeting should be enhanced. His delegation supported the priority accorded in the budget proposal to oversight and control functions.

28. **Mr. Pankin** (Russian Federation) reiterated his delegation's position that the Organization must adopt a responsible budgetary policy and live within its means. His Government was doing its utmost to optimize the use of resources in its budget and expected the United Nations to do the same. The steady budget increases of the past could not continue, yet a balanced approach to budgeting was also needed to enable the Organization to implement its mandates.

29. The proposed programme budget of $5.196 billion did not represent the final figure, as it did not reflect provisions for recosting and additional expenditure that could have been included in the budget proposal. His delegation was extremely concerned, particularly at a time of general economic decline, that the proposed budget level for 2012-2013 might exceed the total for the current biennium. He disagreed with the Secretariat's contention that most of the resource requests stemmed from decisions of the General Assembly; in fact, they were largely a result of reform initiatives that had not received unanimous approval by the Member States. The additional resources to be requested for ICT could have been included in the budget proposal, for example, and the scope of those resources was not based on any direct mandate from the Assembly. His delegation shared the

Advisory Committee's concern that insufficient information was available on the savings expected from reform initiatives, which undermined the very notion of enhanced efficiency that was the purpose of the reforms.

30. The presentation of a fragmented budget proposal, with additional resource requests to be submitted later, made it difficult for Member States to plan their own expenditure or set financial priorities. The Secretary-General should make every effort to avoid such piecemeal budgeting. Adherence to the financial rules and procedures established by the General Assembly should be a priority, and the timing of proposals for new initiatives should be aligned with the budget cycle.

31. Human resources issues should receive special attention. He was concerned at the proposals to decrease the number of General Service staff and increase the number of new positions in the Professional and higher categories, particularly at the P-3 and P-4 levels. Greater focus should be placed on the role of junior Professionals in the Secretariat. Moreover, the proposed reduction in expenditure on external consultants was far too modest: the Organization should make greater use of in-house expertise.

32. His delegation would seek to rein in unjustified increases in expenditure, strengthen budgetary discipline and improve the budget format. However, no economy measure or change in format should affect adherence to the basic principles of the United Nations, including multilingualism, the implementation of existing mandates and the central role of intergovernmental bodies in setting priorities.

33. **Mr. Akram** (Pakistan) said that his delegation shared the concerns of others regarding the 3-per-cent budget cut imposed on programme managers, fearing that an arbitrary and indiscriminate approach to budget reductions might jeopardize the interests of the developing countries and exacerbate their socio-economic problems. At a time of economic and financial crisis, the United Nations should play a greater role in assisting the poorest segments of the world population. Consequently, the programme budget for the biennium 2012-2013 should be adjusted to strengthen development-related activities.

34. The perennial imbalance between assessed and voluntary contributions was also troubling. In section 24, Human rights, of the proposed programme budget, for example, proposed regular resources amounted to $147 million, whereas extrabudgetary resources were projected to be nearly double that amount; similarly, 344 posts under that section were funded through the regular budget, compared to 765 posts funded from extrabudgetary resources. Too great a reliance on extrabudgetary resources was detrimental to the implementation of approved mandates. The authority granted to the Secretary-General to redeploy human and financial resources should not be used to undermine the priorities determined by the Member States. Moreover, extrabudgetary resources should be subject to the same level of oversight as regular resources so that the General Assembly was able to monitor the related outputs, impacts and improvements in programme delivery.

35. His delegation wished to have an update on the efforts at OHCHR to address weaknesses identified by the Office of Internal Oversight Services in its report on the efficiency of the implementation of the OHCHR mandate (A/64/203). He also wished to receive information on the intended benefits of strengthening the New York office of OHCHR.

36. **Mr. Benmehidi** (Algeria) said that the resources in the programme budget should enable the United Nations to implement its mandates effectively and efficiently. While his delegation supported budgetary discipline and efficiency measures aimed at optimizing the use of available resources, it was concerned that the arbitrary 3-per-cent cut demanded of programme managers could adversely affect the implementation of approved mandates and programmes.

37. The proposed programme budget for the biennium 2012-2013 perpetuated the systematic underfunding of development activities despite the will demonstrated by the General Assembly in its resolution 63/260 to strengthen that development pillar. It was a legitimate expectation to see the provisions of that resolution reflected in the proposed programme budget: instead, resources for international cooperation for development had decreased by 0.4 per cent and there was a 1.9 per cent decrease in resources for regional cooperation for development, while the Development Account amounted to only 0.5 per cent of the total budget. Once again, it appeared that development was not a priority for the Secretariat.

38. The significant reduction in resources for decolonization would affect activities relating to the Third International Decade for the Eradication of Colonialism. Regional commissions should be given the resources they needed to implement their core mandates without relying on extrabudgetary resources.

39. The current arrangement of merging the functions of OSAA and the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS) adversely affected the work of OSAA. The post of Special Adviser on Africa should be filled expeditiously.

40. **Mr. Al-Zaid** (Kuwait) said that the budget proposal should be more transparent and should reflect the priorities endorsed by the General Assembly. Greater attention should be devoted to the needs of developing countries, which relied on the United Nations to support their development programmes. In that connection, the role of the regional commissions should be taken into account.

41. There was a close link between the implementation of the programmes and activities set out in the programme budget and the resources required to meet the targets set. Member States should pay their arrears in full and should commit to paying their assessed contributions on time and without conditions so as to enable the Organization to operate effectively and discharge its mandates.

42. Continued administrative reform was needed to strengthen the Organization. His Government strongly supported the equitable geographical distribution of posts; unrepresented States should be accorded particular attention.

43. **Mr. Lim** Boon Hun (Singapore) said that the United Nations remained the best guarantor of action on peace and security, development and a host of other issues: Member States must ensure that it was able to deliver on all its mandates. To do so, they must recognize the investments that were required and avoid being distracted by short-term priorities and concerns. Singapore had itself benefited from development assistance in the past and was aware of the good it could do. Much development work was funded through extrabudgetary resources: more must be done through the programme budget to provide for the poor and in particular to address the unique challenges faced by the least developed countries, landlocked developing countries and small island developing States.

44. While funding for development-related activities remained inadequate, the budgets of special political missions — which were mandated by the Security Council — had grown over the previous decade to a total of approximately $1.2 billion, or one fifth of the programme budget. That disproportionate growth had created the false impression that the Organization's regular budget had spiralled out of control. It was incongruous that the Committee should quibble over the relatively small sums allocated to development activities when it was often expected to approve quickly, and with little debate, the proposed budgets of special political missions. His delegation therefore looked forward to discussing the outcome of the review of backstopping and funding arrangements for special political missions requested by the General Assembly in its resolution 65/259.

45. Member States were responsible for providing the necessary resources to the United Nations. The Organization in turn had a responsibility to be accountable, not only for the discharge of its mandates but also for the efficient and effective use of its resources; it should therefore expect close scrutiny of its requests for resources and its performance in using resources.

46. **Mr. León González** (Cuba) said that the budget was the means of translating into action the mandates approved by the intergovernmental bodies, often after careful negotiation, and the most visible way of ensuring that the Organization continued to be the repository of the system of multilateral relations.

47. However, the current budget proposal reflected the long-standing imbalance in the Organization's priorities. For years, assistance for economic and social development had been stripped away. The 3-per-cent across-the-board reduction proposed for the forthcoming biennium only confirmed the predictions of his delegation that the development pillar would be the first victim of an arbitrary decision intended to appease the most reactionary sections of some national parliaments.

48. The situation was illustrated by the proposal, mentioned by the Advisory Committee in paragraph 75 of its report, to abolish 38 posts covered by sections of the budget previously strengthened pursuant to General Assembly resolution 63/260 on development-related

activities. Moreover, 20 of the 34 posts proposed for abolition across all sections of the budget were in three of the regional commissions. Worst of all, many of the posts being proposed for abolition were not currently vacant. Section 10 of the budget, relating to least developed countries, landlocked developing countries and small island developing States, was targeted for a 10-per-cent reduction in resources compared to the revised appropriation for 2010-2011.

49. While the sections of the budget devoted to the categories of developing countries most in need of the Organization's assistance were targeted for the greatest reductions, allocations for other sections with much lower resource implementation rates were being considerably increased. Special political missions accounted for some one quarter of the Organization's resources, and it was impossible to say how much they would cost in the forthcoming biennium.

50. Powerful States were imposing financial burdens on States which refused to take part in their military adventures or subscribe to their interventionist doctrines, as they sought to make profits for their multinational companies and military-industrial complexes, and to control the natural resources of the countries that they invaded or bombed without mercy. Such thinking was imposed through the logical frameworks of the special political missions, with no genuine, transparent or democratic debate in the General Assembly. The Secretariat must not allow the principles of the Charter to be undermined in such a manner.

51. Those who used the crisis caused by the disarray of their own financial systems to justify proposing arbitrary budget reductions were curiously silent about the fact that over 60 per cent of the funds available to the Organization in the forthcoming biennium would be extrabudgetary resources. While his delegation did not doubt the good intentions of some of the donors, it had seen extrabudgetary resources serve as a painful method of imposing agendas. A governance framework should be established to guarantee that such resources were handled transparently and impartially.

52. **Mr. Mashabane** (South Africa) said that, with regard to activities focusing on the African continent, the Organization should align its programmes with the six thematic priority areas for the New Partnership for Africa's Development (NEPAD) resulting from the African Union's streamlining of NEPAD goals. His delegation wished particularly to emphasize that, as prescribed in previous resolutions of the General Assembly, the post of Special Adviser on Africa should not be abolished or merged with any other post, and that it should be filled expeditiously and in accordance with the provisions governing recruitment in the United Nations.

53. With regard to resources, his delegation recognized that the Organization was being challenged to increase efficiency and achieve more with less. However, it expressed concern at the proposed reduction in the recruitment of entry-level Professional staff and the consequences of that step for development-related activities, and at the imbalance in the allocation of the Organization's resources, over 90 per cent of which funded activities relating to peace and security and human rights, at the expense of activities relating to development. It called on the Secretary-General to develop a clear plan to redress that imbalance.

54. **Mr. Datuowei** (Nigeria) said that budget provided the means for delivery of the Organization's mandates. Budget resources and their allocation determined the extent to which established goals could be achieved in the face of competing priorities and challenges. The budget for the forthcoming biennium should reflect the Organization's strategic focus for that period in important areas, including the three pillars of peace and security, development and human rights. Believing that resources should be allocated in a balanced way, his delegation was concerned at the current trend of devoting much more to peace and security than to development.

55. The Member States with the most prominent role in the global financial crisis were those making the most vocal appeals for budget reductions and fiscal discipline. The sincerity and objectivity of those appeals was called into question by the concentration of proposed reductions on programmes benefiting developing States. Pursuit of the Millennium Development Goals was being hampered by cuts to resources, bringing the prospect of poverty, hunger and disease across the world, particularly in Africa, yet life-destroying projects associated with the States advocating cost reductions continued to receive funding. His delegation would have been more receptive to calls for cost savings if they had been based on effective multilateralism and equity rather than injustice and double standards.

56. The unilateral directive to reduce programme allocations in the regular budget by 3 per cent was not supported by any intergovernmental legislative mandate. The budgetary language used to justify the reductions obscured the effect that they would have on programmes to alleviate human misery. The claims of exponential growth in the Organization's budget over previous years was never compared with the enormous wealth generated in the same period by the Member States currently seeking to evade their responsibilities.

57. Reform initiatives introduced by the Secretariat and approved by the General Assembly should not be used as a surreptitious way to undermine mandates established by the same General Assembly, particularly for priority development projects, or to induce the Secretariat to take action not backed by resolutions. The highest standards of accountability, integrity and transparency should be evident in the discharge of Secretariat functions, and recommendations by audit bodies and the Advisory Committee that had been endorsed by the General Assembly should be implemented with due urgency.

58. Developing countries and women were disadvantaged in the staffing of the United Nations Secretariat, and the implementation of recommendations for the abolition of posts was slanted in the favour of certain interest groups. Any disregard for inclusiveness in recruitment or appointments should be viewed as running counter to the Charter of the United Nations. Such practices were detrimental to multilateralism and cohesion. Urgent steps should be taken to ensure equitable geographical distribution and gender balance. In that connection, recalling that the Office of the Special Adviser on Africa had been established in 2003 in accordance with General Assembly resolution 57/300, he said that the Secretary-General should fill that post, complying with General Assembly resolutions 62/236, 63/260, 64/243 and 65/544.

59. The desire of the Organization to profit from advances in information and communications technology was evident from initiatives such as the introduction of International Public Accounting Standards (IPSAS) and conference and personnel management systems. Expressing support for the proposal of the Group of 77 and China to make live webcasting of formal meetings of the Fifth Committee a regular practice, rather than being a selective occurrence to suit the wishes of powerful interest groups, his delegation wished to know the cost implications, if any, of such an innovation.

60. Information and communications technology initiatives should not be implemented too hastily. For example, the use of "paper-smart" documentation practices should be assessed to take account of the limitations created by the level of development of certain Member States, which ght have unreliable power supplies and technological infrastructures. Unless the concept was tailored to their needs, they would be seriously disadvantaged. Changes in budgetary allocations that would suddenly deprive them of the ability to participate in intergovernmental debate must be avoided.

61. With regard to reliable funding, his delegation stressed the need to provide the resources required to place UN-Women on a firm footing, to enable it to pursue gender equality, the empowerment of women and access to education for women and girls. As the United Nations Peacebuilding Commission faced difficulties caused by insufficient allocations from the regular budget, raising the risk that gains made through peacekeeping would be lost, the Advisory Committee's recommendations relating to the unpredictability of secondments and extrabudgetary resources for the Peacebuilding Commission should be heeded.

62. **Mr. Alwafi** (Saudi Arabia) said that the efforts of the Secretary-General to propose a programme budget that took account of the financial limitations of the Member States and combined austerity and effectiveness were positive. However, his delegation was concerned at the potential effects of such a budget on the implementation of mandates approved by the Member States, particularly in connection with the developing countries, which were not responsible for the current economic crisis. It supported the views of the Advisory Committee on the need for more effective management and accountability, and for reform of the results-based budgeting framework.

63. With regard to specific areas of expenditure, his delegation welcomed the commitment to reinforcing UNRWA resources. While supporting investment in information and communications technology, given its important role in the activities of the Organization, it urged the close involvement of the Office of Central Support Services in such matters. The concerns of developing countries, which were at the centre of all United Nations conferences and summits, should be

given priority. In particular, those countries should be given more opportunities in procurement, inter alia as a means of increasing their gross domestic product.

64. **Ms. Kane** (Under-Secretary-General for Management) said that she wished to give an initial response to comments on the budget process, special political missions and budget add-ons, with the understanding that more detail would follow in informal consultations.

65. The budget process was shaped by the requirements of intergovernmental consultation and decision-making, and of the Financial Regulations and Rules of the Organization. The work leading to the establishment of the proposed programme budget began early, but because initial conditions never remained unchanged, adjustments were always necessary. Perhaps the volume and nature of the financial information before the Committee, which included not just the already substantial budget fascicles, but also reports on specific issues, usually provided by the Secretariat at the Member States' request, tended to hamper rather than help decisions about the desired direction and results of the budget process. All agreed that the process must be improved to enable the Assembly to have a better overview of resource requirements, to conduct a more strategy-oriented discussion and to take more focused decisions on results-based use of funds. To that end, the reflections on the budget process that had been launched in 2009 would be revived.

66. The Secretariat had responded to the Member States' request for a review of the arrangements for funding and backstopping special political missions (A/66/340), reflecting not just their substantially increased share of the regular budget, but also the need to deal with the absence of specific funds for backstopping, a concept which had not been a concern in the past. The special political missions fulfilled a crucial, life-saving role under often difficult circumstances, addressing concerns that had not existed for the international community one or two decades previously. Individual budgets for each of them would be submitted for the consideration of the Committee.

67. The increase in the regular budget was not attributable solely to the special political missions. Additional causes were inflation and a weakening United States dollar. Since the scale of assessments was calculated in dollars, an inflation rate of 3 per cent translated directly into extra resource requirements exceeding $800 million over a ten-year period.

68. In the previous several years, the Secretariat had supplemented its quantified assessment of resource requirements in the budget outline with a forecast of the expected financial situation. The two-year review of the system of administration of justice, allocations for the Ethics Office, mediation services, the Office of the Ombudsman, information and communications technology, the strategic heritage plan, and administrative and financial implications of the operation of the United Nations Joint Staff Pension Fund had led to add-ons of approximately $23 million. How those resource requirements should be handled was a matter for the General Assembly to decide, bearing in mind that, as human resources requirements accounted for 70 per cent or more of fixed costs, the choice facing the Committee might be either to reduce posts or to reduce programme activities.

69. **Ms. Casar** (Controller) said that she had taken careful note of the comments of the members of the Committee on budget-related matters. In her view, the priority should be to agree on a programme budget which allowed the Organization to deliver on its mandates. She recalled that the Committee would be discussing at a later stage the next budget performance report, with detailed information on recosting; budgetary proposals for special political missions for the first year of the forthcoming biennium; and measures to mitigate foreign-exchange and inflation risks.

70. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the purpose of the Advisory Committee was to make recommendations; the Fifth Committee alone was responsible for making the appropriate decisions. He was encouraged by the positive reaction to the Advisory Committee report on the proposed programme budget (A/66/7). However, the report necessarily did not reflect the situation that would result from add-ons yet to be announced.

71. **Mr. Torsella** (United States of America) said that all Governments and businesses were facing the problem of a static budget and changing circumstances. Noting the substantial fixed costs associated with human resources, he indicated that the number of posts was only part of the picture The cost-saving options

available were more extensive than reducing posts or reducing programme activities. Thought must also be given to how the Organization could more affordably meet its obligations to its employees, the major source of expenditure. In that connection, he wished to know the precise annual cost of employee health-care insurance. The information he was seeking was not readily discernible from documentation provided by the Secretariat, nor had it been provided by the Secretariat in response to direct enquiries. He also wondered who in the organization was responsible for managing health-care costs, how the bidding process for coverage was conducted, and when the next such process would be conducted.

72. **Ms. Kane** (Under-Secretary-General for Management) said that, while she was not immediately able to respond to the specific questions asked by the United States representative, she could comment on the matter of personnel costs. It should be remembered that such costs included the total compensation package received by the Organization's staff, encompassing not just salaries, but also associated benefits and allowances, including those relating to moving to a duty station or between duty stations, and to education and health care. Awards to staff members by the Dispute Tribunal and the Appeals Tribunal were also charged to personnel costs.

73. Insurance covered United Nations staff against a number of risks, including malicious acts, death in service, disability and illness. The Insurance/Disbursement Service was part of the Accounts Division of the Office of Programme Planning, Budget and Accounts, under the responsibility of the Controller. In the case of health care, what was provided was not in fact insurance, but rather a pool of resources regulated by an outside administrator. If use of those resources increased, premiums also increased. It should be remembered that the United States of America was a high-cost environment for health care. In that connection, the General Assembly had yet to take a decision on how to cover unfunded after-service health insurance liabilities, although the Secretariat had proposed a solution in 2009. Once the Organization was using the International Public Sector Accounting Standards, such liabilities must be listed.

74. **Ms. Power** (Observer for the European Union) said that all organizations must seek to implement their mandates in the best way possible through constant improvement and innovation. She therefore asked the Secretariat to provide, without delay, updated information on efforts to increase cost-effectiveness made since the submission of the proposed programme budget, and indicate their impact on the requested level of allocations. In that connection, she wished to know how the Secretariat planned to reduce recourse to add-ons in the future; what long-term steps were being taken to develop the optimum grading structure for Secretariat staff; and why the detailed identification of reforms and associated budgetary and efficiency improvements, as required by General Assembly resolution 64/243, had not been provided.

75. **Mr. Okochi** (Japan) said that the Secretary-General had already been requested to report on what steps could be taken to cope with inflation and exchange-rate fluctuations. Although such issues were routinely handled in the budget performance reports, time was short. He therefore wished to request a separate, earlier, report on the practice of recosting.

76. **Ms. Kane** (Under-Secretary-General for Management) said that, in the time since she had assumed her post, action had already been taken to curtail the use of add-ons. However, initial plans were always overtaken by events. For example, while the General Assembly had decided, in its resolution 64/243, to establish a dedicated post of Director-General of the United Nations Office at Nairobi, but that decision had not been accompanied by approval of the requisite financial support. As it was not appropriate to supply personnel from the existing staffing table of the United Nations Environment Programme (UNEP) or the United Nations Human Settlements Programme (UN-Habitat), a requirement for additional resources had arisen.

77. With regard to the add-ons associated with the system of administration of justice, she recalled that it had been considered preferable to review the system after two years rather than only one year. Using information on the system's caseload and experience of operation, the Secretary-General had been able to make specific recommendations to the General Assembly. The decision on how to proceed would be made by the General Assembly alone.

78. With regard to the tangible results of reform measures, she said that the Secretariat had responded to the concerns of the Member States by implementing a number of initiatives, all accomplished within existing

resources. They had included the online contributions portal that had eliminated the voluminous monthly printed report on that matter; the "HR Insight" online monitoring tool which gave delegations demographic information on staffing of the Secretariat; and the design of an accountability system pursuant to General Assembly resolution 64/259.

79. With regard to the handling of exchange-rate fluctuations, she said that the rates used were based on historic precedents, with projections made regarding the likely subsequent trends. Projections by their very nature sometimes could and did turn out to be incorrect. The Secretariat could adopt alternative practices, such as currency hedging, or purchasing currencies in advance, but no strategy was risk-free. The General Assembly must decide on the approach to be adopted.

80. Details on questions of the grade structure of the Organization's staff would be supplied subsequently.

81. **Mr. Cumberbatch** (Cuba) said that the current discussion was unusual in covering matters usually taken up in informal consultations; it was therefore understandable that the Secretariat did not have all the requested information immediately to hand. The debate was useful nonetheless. The welcome initiative to webcast the meeting should be extended to all of the remaining formal meetings of the Committee, and indeed be extended to all the Main Committees of the General Assembly.

82. With regard to the proposed programme budget, he wished to know what criteria had been used to target the 3-per-cent across-the-board reduction, and whether the effect of the large cuts in staff and benefits which seemed to have gathered the support of a number of delegations had been quantified.

83. **Mr. Rosales Díaz** (Nicaragua) said that the proposed programme budget was based on the mandates received by the Organization, in most cases from the General Assembly. The proposal must be analyzed from a financial point of view, but also matched against the decisions of the Member States. His delegation was surprised at the flexible manner in which such mandates had been interpreted, the chief example being the apparent reversal of the decision to strengthen the development pillar taken only three years earlier. It also saw a double standard in the targeting of the reductions ordered by the Secretary-General, with some sections of the budget dramatically reduced and others dramatically increased. The Secretariat should explain those decisions. When responding to questions about staffing, the Secretariat should provide full details of the geographical distribution of posts at all levels, so that delegations could clearly see the long-standing imbalances that existed.

84. **Ms. Kane** (Under-Secretary-General for Management) said that, as the world economic and financial situation had affected the resources of the Organization, the Secretary-General had requested senior managers to look for efficiencies. That had not amounted to an enforced across-the-board cut, as there were differences in the size and function of departments and units. Some had been able to change their methods and produce a substantial effect, as in the case of increased electronic distribution of documents. The budget reductions had likewise not been arbitrary: all senior managers, having been requested to examine their budgets for possible savings, had used their own initiative to respond with suggestions which had been referred to the Controller and then passed to the Secretary-General.

85. With regard to remuneration and other parts of the compensation package for staff, it should not be forgotten that most were expatriates and that the International Civil Service Commission established United Nations system-wide standards and must be consulted on any proposed changes. With regard to geographical distribution, she recalled that Member States had immediate access to information via the HR Insight database. However, the human resources reforms and harmonization of conditions of service undertaken in the recent past had altered the picture. Prior to those reforms, if a staff member had been recruited to a post subject to geographical distribution, that status had remained with the staff member indefinitely. Subsequently, the General Assembly had decided that a staff member should be recorded with such status only for as long as he or she occupied a post subject to geographical distribution. As a consequence, the number of unrepresented and under-represented Member States had risen. The expansion of the Young Professionals Programme was expected to address the gap, but it should be remembered that the cost of that exercise added to the overall total of personnel costs.

86. A number of representatives had challenged the premise that the starting point for each budget should

be the level of the previous budget. The situation was complicated by the division of the budget into multiple parts. She hoped that dialogue with the Member States would help to arrive at a clearer overview of the use of resources and the results to be achieved.

Other matters

87. **The Chair**, reverting to the matter of where the Observer for the European Union should appear in the order of speakers, said that the question should be settled for all of the Main Committees, not just the Fifth Committee. Accordingly, the guidance of the President of the General Assembly and other appropriate individuals would be sought.

The meeting rose at 1.05 p.m.